

QUARTERLY REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE QUARTER ENDED JUNE 30, 2003

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

AS OF JUNE 30, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 25,884	\$ 32,571
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-(2003, \$7,267; 2002, \$12,092).....Note 2.....	83,707	27,157
4	Inventories.....Note 1.....	2,943	3,360
5	Prepaid Expenses and Other Current Assets.....	3,176	2,887
6	Total Current Assets.....	115,710	65,975
7	Investments, Advances, and Receivables.....Note 3.....	16,955	15,485
8	Property and Equipment - Gross.....Notes 1, 4 & 9.....	890,624	864,926
9	Less: Accumulated Depreciation and Amortization.....	(359,912)	(329,502)
10	Property and Equipment - Net.....	530,712	535,424
11	Other Assets.....	119	92
12	Total Assets.....	\$ 663,496	\$ 616,976
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 4,420	\$ 6,691
14	Notes Payable.....Note 5.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....Note 8.....	-	-
16	Other.....Note 9.....	238	401
17	Income Taxes Payable and Accrued.....Note 1.....	-	-
18	Other Accrued Expenses.....Note 6.....	31,690	33,395
19	Other Current Liabilities.....Note 7.....	53,409	41,762
20	Total Current Liabilities.....	89,757	82,249
	Long-Term Debt:		
21	Due to Affiliates.....Note 8.....	518,330	518,330
22	Other.....Note 9.....	720	1,025
23	Deferred Credits.....	-	-
24	Other Liabilities.....	5,656	5,300
25	Commitments and Contingencies		
26	Total Liabilities.....	614,463	606,904
27	Stockholders', Partners', or Proprietor's Equity.....	49,033	10,072
28	Total Liabilities and Equity.....	\$ 663,496	\$ 616,976

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 255,782	\$ 256,841
2	Rooms.....	17,822	17,631
3	Food and Beverage.....	34,564	35,938
4	Other.....	10,765	13,309
5	Total Revenue.....	318,933	323,719
6	Less: Promotional Allowances.....Note 1.....	67,023	69,020
7	Net Revenue.....	251,910	254,699
	Costs and Expenses:		
8	Cost of Goods and Services.....	134,969	136,653
9	Selling, General, and Administrative.....	29,072	32,807
10	Provision for Doubtful Accounts.....	1,180	2,483
11	Total Costs and Expenses.....	165,221	171,943
12	Gross Operating Profit.....	86,689	82,756
13	Depreciation and Amortization.....Note 1.....	19,808	19,274
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 10.....	8,284	8,444
15	Other.....Note 10.....	3,173	3,143
16	Income (Loss) from Operations.....	55,424	51,895
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 5 & 8.....	(21,738)	(21,848)
18	Interest (Expense) - External.....Note 9.....	(238)	(200)
19	Investment Alternative Tax and Related Income (Expense) -.....Note 1.....	(1,382)	(1,102)
20	Nonoperating Income (Expense) - Net.....Note 11.....	433	190
21	Total Other Income (Expenses).....	(22,925)	(22,960)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	32,499	28,935
23	Provision (Credit) for Income Taxes.....Note 1.....	13,276	11,816
24	Income (Loss) Before Extraordinary Items.....	19,223	17,119
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$; 20__, \$).....		
26	Net Income (Loss).....	\$ 19,223	\$ 17,119

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 135,783	\$ 131,425
2	Rooms.....	9,389	9,068
3	Food and Beverage.....	18,292	18,712
4	Other.....	5,530	6,853
5	Total Revenue.....	168,994	166,058
6	Less: Promotional Allowances.....Note 1.....	34,917	35,760
7	Net Revenue.....	134,077	130,298
	Costs and Expenses:		
8	Cost of Goods and Services.....	68,580	69,724
9	Selling, General, and Administrative.....	15,760	16,696
10	Provision for Doubtful Accounts.....	816	1,260
11	Total Costs and Expenses.....	85,156	87,680
12	Gross Operating Profit.....	48,921	42,618
13	Depreciation and Amortization.....Note 1.....	10,112	9,746
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 10.....	4,378	4,323
15	Other.....Note 10.....	1,587	1,579
16	Income (Loss) from Operations.....	32,844	26,970
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 5 & 8.....	(10,991)	(10,984)
18	Interest (Expense) - External.....Note 9.....	(118)	(96)
19	Investment Alternative Tax and Related Income (Expense) -.....Note 1.....	(609)	(486)
20	Nonoperating Income (Expense) - Net.....Note 11.....	276	113
21	Total Other Income (Expenses).....	(11,442)	(11,453)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	21,402	15,517
23	Provision (Credit) for Income Taxes.....Note 1.....	8,743	6,334
24	Income (Loss) Before Extraordinary Items.....	12,659	9,183
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$; 20__, \$).....		
26	Net Income (Loss).....	\$ 12,659	\$ 9,183

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND THE SIX MONTHS ENDED JUNE 30, 2003

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2001.....	100	\$ 1,370		\$	\$ 46,065	\$	\$ 15,518	\$ 62,953
2	Net Income (Loss) - 2002.....							36,857	36,857
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....							(70,000)	(70,000)
5	Prior Period Adjustments.....								-
6									-
7									-
8									-
9									-
10	Balance, December 31, 2002.....	100	1,370	-	-	46,065	-	(17,625)	29,810
11	Net Income (Loss) - June 30, 2003.....							19,223	19,223
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Prior Period Adjustments.....								-
15									-
16									-
17									-
18									-
19	Balance, June 30, 2003.....	100	\$ 1,370	-	\$	\$ 46,065	\$	\$ 1,598	\$ 49,033

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002
AND THE SIX MONTHS ENDED JUNE 30, 2003

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2001.....	\$	\$	\$	\$
2	Net Income (Loss) - 2002.....				
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7				
8				
9				
10	Balance, December 31, 2002.....				
11	Net Income (Loss) - 2003.....				
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16				
17				
18				
19	Balance, June 30, 2003.....	\$	\$	\$	\$

THIS FORM IS NOT APPLICABLE

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 35,322	\$ 47,341
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(13,655)	(16,805)
5	Proceeds from Disposition of Property and Equipment.....	283	37
6	Purchase of Casino Reinvestment Obligations.....	(3,228)	(3,064)
7	Purchase of Other Investments and Loans/Advances made.....	531	596
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(16,069)	(19,236)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	(186)	(135)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	(70,000)
21			
22	Borrowings/Payments of Intercompany Payable.....	(30,244)	38,161
23	Net Cash Provided (Used) By Financing Activities.....	(30,430)	(31,974)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(11,177)	(3,869)
25	Cash and Cash Equivalents at Beginning of Period.....	37,061	36,440
26	Cash and Cash Equivalents at End of Period.....	\$ 25,884	\$ 32,571

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 21,939	\$ 22,009
28	Income Taxes.....	\$ 13,276	\$ 11,816

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ 19,223	\$ 17,119
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	19,800	19,212
31	Amortization of Other Assets.....	8	62
32	Amortization of Debt Discount or Premium.....	-	-
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	(283)	(37)
36	(Gain) Loss on Casino Reinvestment Obligations.....	1,382	1,102
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(2,348)	(3,199)
39	Net (Increase) Decrease in Inventories.....	194	(119)
40	Net (Increase) Decrease in Other Current Assets.....	(339)	(866)
41	Net (Increase) Decrease in Other Assets.....	(57)	(1)
42	Net Increase (Decrease) in Accounts Payable.....	(10,372)	(955)
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	7,930	14,850
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	184	173
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 35,322	\$ 47,341

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ (13,655)	\$ (16,805)
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows for Property and Equipment.....	\$ (13,655)	\$ (16,805)
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....		
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....		
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE SIX MONTHS ENDED JUNE 30, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	288,415	\$ 11,772		
2	Food	1,270,422	18,092		
3	Beverage	2,025,885	6,954		
4	Travel			10,055	\$ 1,388
5	Bus Program Cash	300,552	4,016		
6	Other Cash Complimentaries	428,424	21,597		
7	Entertainment	85,682	1,858	18,461	491
8	Retail & Non-Cash Gifts	85,851	2,571	42,440	3,219
9	Parking				
10	Other*	864	163	26,929	1,040
11	Total	4,486,095	\$ 67,023	97,885	\$ 6,138

FOR THE THREE MONTHS ENDED JUNE 30, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	144,658	\$ 6,054		
2	Food	648,701	9,337		
3	Beverage	1,060,122	3,646		
4	Travel			6,406	\$ 800
5	Bus Program Cash	165,527	2,252		
6	Other Cash Complimentaries	225,281	11,429		
7	Entertainment	30,679	761	14,827	272
8	Retail & Non-Cash Gifts	43,079	1,345	24,018	1,937
9	Parking				
10	Other*	521	93	14,928	639
11	Total	2,318,568	\$ 34,917	60,179	\$ 3,648

* No single item within "Other" exceeds 5% of the total.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino ("CAC") in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Park Place Entertainment ("PPE"). The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2002.

All adjustments to these financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at June 30, 2003 and 2002, and its statements of income for the three and six months ended June 30, 2003 and 2002 and its statements of cash flows for the six months ended June 30, 2003 and 2002. All such adjustments were of a normal recurring nature.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the six months ended June 30, 2003 and 2002 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 "Accounting for Certain Sales Incentives," which became effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino. The adoption of the standards resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$13,681 and \$13,519, for the three months ended June 30, 2003 and 2002, respectively, and \$25,613 and \$25,599, for the six months ended June 30, 2003 and 2002, respectively.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$10,108 and \$9,722 for the three months ended June 30, 2003 and 2002, respectively, and \$19,800 and \$19,212 for the six months ended June 30, 2003 and 2002, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Long-lived assets

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The Company was required to adopt SFAS 142 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment of Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supersedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

Connection Card Program

During the 2nd quarter 2003, the Company, along with its PPE Atlantic City Affiliates, implemented the Connection Card Program. The Connection Card Program allows players to earn credits that may be accumulated over time and redeemed at their discretion in accordance with the rules of the program at any of the three Atlantic City PPE casinos. We record an estimated liability for the incremental cost of providing goods and services under the program at the time the credits are earned.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at June 30, 2003 and 2002.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Accounting Pronouncements

In November 2002, the FASB issued Interpretation No ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. Implementation of this Interpretation did not have a material impact on the Company's financial statements.

On January 17, 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interest or in which the equity investors do not bear the residual economic risks and rewards. These entities have commonly been referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the interest in newly consolidated variable interest entities and requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. The Company does not believe this provision will have a material impact on the Company's financial results.

Income taxes

Taxable income or loss of the Company is included in the consolidated Federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to pre-tax financial statement income. The corresponding liability or receivable is credited or charged to its corporate parent. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE in accordance with the tax sharing agreement between PPE and the Company.

Recent tax legislation

On June 30, 2003, the New Jersey State Legislature passed a bill to increase taxes on the New Jersey casino industry, beginning with the fiscal year 2004 (starting July 1, 2003). Included in this legislation is a tax on net profits, taxes on certain complimentaries, and increases in parking, rooms and other fees. The Company is currently assessing the impact these taxes will have on its results of operations.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of June 30 consist of the following:

	<u>2003</u>	<u>2002</u>
Casino receivables (net of allowance for doubtful accounts – 2003, \$6,747; 2002, \$11,671)	\$ 15,510	\$ 15,601
Other (net of allowance for doubtful accounts – 2003, \$520; 2002, \$421)	4,420	3,587
Due from PPE	63,045	7,107
Due from other affiliates	<u>732</u>	<u>862</u>
	<u>\$83,707</u>	<u>\$ 27,157</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments advances and receivables as of June 30 consist of the following:

	<u>2003</u>	<u>2002</u>
CRDA deposits	\$ 14,109	\$ 11,864
CRDA bonds receivable	2,921	2,807
CRDA Seat License Agreement	4,979	5,504
CRDA Long-term note receivable	879	900
Other, net	<u>36</u>	<u>20</u>
	22,924	21,095
Less: valuation allowance on CRDA investments	<u>(5,969)</u>	<u>(5,610)</u>
	<u>\$16,955</u>	<u>\$ 15,485</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consist of the following:

	<u>2003</u>	<u>2002</u>
Land	\$ 118,090	\$ 117,991
Buildings and improvements	546,528	537,140
Furniture, fixtures and equipment	220,738	204,809
Construction in progress	<u>5,268</u>	<u>4,986</u>
	890,624	864,926
Less accumulated depreciation and amortization	<u>(359,912)</u>	<u>(329,502)</u>
	<u>\$ 530,712</u>	<u>\$ 535,424</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 5 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Park Place Finance Corporation (PPFC), a wholly owned subsidiary of PPE. At June 30, 2003 and 2002, respectively, there was no outstanding balance.

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of June 30 consist of the following:

	<u>2003</u>	<u>2002</u>
Accrued payroll and benefits	\$13,385	\$11,965
Insurance claims	5,786	4,950
Real estate taxes	3,153	3,903
Other	<u>9,366</u>	<u>12,577</u>
	<u>\$31,690</u>	<u>\$33,395</u>

NOTE 7- OTHER CURRENT LIABILITIES

Other current liabilities as of June 30 consist of the following:

	<u>2003</u>	<u>2002</u>
Due to affiliates	\$45,670	\$33,501
Unredeemed slot promotions liability	2,676	1,984
Unredeemed chip and token liability	1,753	4,642
Other	<u>3,310</u>	<u>1,635</u>
	<u>\$53,409</u>	<u>\$41,762</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of June 30, 2003 and 2002, respectively consists of a Park Place Finance Corp note due December 31, 2010 at 8.50%.

NOTE 9 - LONG-TERM DEBT, OTHER

Long-term debt, other as of June 30 consists of the following:

	<u>2003</u>	<u>2002</u>
Mortgage Note due October 15, 2011		
Interest at 10.0%	\$ 746	\$ 769
Capitalized lease obligation, net of amounts representing interest	<u>212</u> 958	<u>657</u> 1,426
Less: current maturities	<u>(238)</u>	<u>(401)</u>
	<u>\$ 720</u>	<u>\$1,025</u>

NOTE 10 - CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company has recorded expenses for the three months ended June 30 from CWI and affiliates as follows:

		<u>2003</u>	<u>2002</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 4,378	\$ 4,323
Caesars Palace Corp.	Trade name fee	<u>1,587</u>	<u>1,579</u>
		<u>\$ 5,965</u>	<u>\$ 5,902</u>

The Company has recorded expenses for the six months ended June 30 from CWI and affiliates as follows:

		<u>2003</u>	<u>2002</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 8,284	\$ 8,444
Caesars Palace Corp.	Trade name fee	<u>3,173</u>	<u>3,143</u>
		<u>\$11,457</u>	<u>\$11,587</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 11 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended June 30 consists of the following:


	<u>2003</u>	<u>2002</u>
Interest income	\$ 71	\$ 77
Gain on disposal of equipment	<u>205</u>	<u>36</u>
	<u>\$ 276</u>	<u>\$ 113</u>

Nonoperating income (expense) for the six months ended June 30 consists of the following:

	<u>2003</u>	<u>2002</u>
Interest income	\$ 150	\$ 153
Gain on disposal of equipment	<u>283</u>	<u>37</u>
	<u>\$ 433</u>	<u>\$ 190</u>

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.



Signature

Assitant Vice President/Controller

Title

#6908-11

License Number

On Behalf Of:

Boardwalk Regency Corporation

Casino Licensee